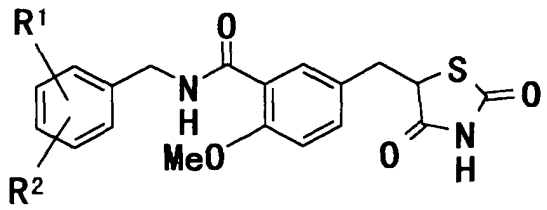
As amended, the present invention relates to a substituted benzylthiazolidine-2,4-dione derivative represented by the formula (1):



(1)

where

either

R^1 denotes a 4-chloro, 3-trifluromethyl, or 4-ethoxy substituent, and

R^2 denotes a hydrogen atom,

or

R^1 denotes a 4-chloro substituent, and

R^2 denotes a 2-chloro substituent,

or a medicinally acceptable salt or hydrate thereof. See Claim 13.

The claimed compounds are more effective as compared to the compounds described in the cited references.

The transactivation on PPAR α and γ was measured for Example 3, 4, 5, and 8 of the present invention and Example 14 of Maeda '693 as described at pages 9-10 of the present specification. The results are presented in the Table below. The Table lists the Example number of the compounds from the present specification of the above-identified application and the pending claim which specifically recites that compound.

Example No.	Claim Specifically Recited	Transactivation (EC50, μmol/L)	
		PPARα	PPARγ
3	17	0.26	0.40
4	15	0.18	0.36
5	16	0.43	0.30
8	18	0.22	0.28
Example 14 of Maeda '693		0.20	1.0

The data shown in the Table above strikingly demonstrate that claimed compounds are about 3 times more active for PPARγ as compared to Example 14 of Maeda '693. This result is significant because, as described in the present specification at pages 1-4, PPAR activity is useful for reducing blood glucose levels and treating hyperlipidemia. No teaching or suggestion has been identified in Maeda '693 or Maeda '355 which suggests this result. Therefore, the cited references fail to suggest the claimed compounds. Accordingly, withdrawal of this ground of rejection is respectfully requested.

The objection to the claims and the rejection of the claims under 35 U.S.C. §112, second paragraph are believed to be obviated by the amendments submitted above. Accordingly, withdrawal of the same is respectfully requested.

Regarding method Claims 25-36, these claims depend directly from Claims 13-18. Since Claims 13-18 are allowable as discussed above, the method claims are patentable for the same reasons. See MPEP §821.04.

Applicants submit that the present application is in condition for allowance. Early notice to this effect is earnestly solicited.

Respectfully submitted,

OBLON, SPIVAK, McCLELLAND,
MAIER & NEUSTADT, P.C.

Norman F. Oblon
Attorney of Record
Registration No. 24,618

James J. Kelly, Ph.D.
Registration No. 41,504

22850
(703) 413-3000
Fax #: (703) 413-2220
NFO/JK:kst
i:\atty\jk\219277us-am.wpd

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IN THE CLAIMS

--Claims 1-12 (Cancelled).

Claims 13-36 (New).--